

Centennial

Introduction and Overview



CITY MANAGER'S MESSAGE

A detailed memo addressed to the Mayor and City Council



Honorable Mayor Piko and Members of City Council:

The annual budget constitutes the legal authority of the City to appropriate and expend public funds. For the community, a budget also serves as a communications and operations guide for the City by detailing strategic projects, service levels, and programs that fulfill the policy direction of City Council.

Section 11.5 of the Centennial Home Rule Charter requires the City Manager deliver a Proposed Budget to City Council on or before September 20th of each year. The Proposed Budget was delivered to Council and published on the City's website on September 20, 2021. Budget workshops were held to review the Proposed Budget on October 11-12, 2021. A Public Hearing prior to adoption of the 2022 budget took place on November 15, 2021.

As required by the Centennial Home Rule Charter and the Colorado Local Government Budget Law, each Fund in the Adopted 2022 Budget is balanced.

The recovery from the COVID-19 pandemic continues. Centennial avoided reductions in revenues during 2021 and the subsequent need to re-evaluate project budgets and timelines were largely avoided or mitigated through intentional action by Council and Staff. This provides a level of confidence moving into 2022 that was not present a year ago.

The City now faces the challenge of managing continued workloads with previously deferred projects. Staff is leaning into these challenges and utilizing our core values – collaboration, intentionality, service-oriented, and innovation. We've examined how we do business and implemented new ways to serve our community.

The 2022 Budget contains expenditures for all funds of \$123.9 million, an increase of 18.5% over the 2021 Adopted Budget. The year-to-year budget increase is largely due to lower-than-budgeted expenditures in 2021 and the need to carry forward unspent funds for on going, one-time capital projects in the Street and Open Space Funds. The City previously reserved funding to complete these and other projects identified

in the budget rather than incurring debt. This strategy is also reflected in the significant commitments made by the City for future projects and needs in the use of Committed Fund Balance throughout the 2022 Budget. Specific projects and programs are identified within each major fund and have funding available for use by a future Council.

Staff utilized strategic and policy direction from City Council together with the changes in business over the past two years in order to develop recommendations for the Budget. Our six Key Performance Areas (summarized below) serve as the strategic goals for the City: Economic Vitality, Fiscal Sustainability, Future Ready City Government, Public Safety and Health, Signature Centennial, and Transportation and Mobility. There are several important projects or programs to highlight that illustrate the commitment this Budget makes to our community, particularly in Economic Vitality, Transportation and Mobility, Fiscal Sustainability, and Signature Centennial.

The Budget contains significant funding in Economic Development and our neighborhood retail environment to further Economic Vitality. Intentional investment through Signature Centennial will advance the City's vision for quality of life in capital projects and operational improvements. Our focus on Transportation and Mobility remains strong with investment in our Traffic Management Center, capital project construction management, and design for significant future projects. We look toward being a Future Ready City Government in exploring how we can utilize aerial imagery and 3D modeling to analyze potential developments. We recognize the receipt of the Coronavirus State and Local Fiscal Recovery Funds as part of the American Rescue Plan Act (ARPA) and its use for general revenue replacement of lost funding. Anticipated projects consistent with the intent of the funds are identified throughout the Budget.

The Budget and our Key Performance Areas comprise many diverse components that work together to deliver on the vision of Centennial as a:

- Connected community;
- Where neighborhoods matter;
- Education is embraced;
- Businesses are valued; and
- Innovation absolute.

Within the components of the City's vision, there are several important projects or programs to highlight that illustrate the commitment this budget makes to our community. These include Economic Vitality, Transportation and Mobility, Fiscal Sustainability, and Signature Centennial.

ECONOMIC VITALITY

One of the most significant areas of investment in the 2022 Budget is Economic Vitality. We have reorganized the Economic Development department to intentionally focus on our retail centers while still meeting the needs of the City's overall economic development strategy. This includes using existing positions as well as adding two new full-time equivalent (FTE) positions – a Redevelopment Specialist and an Economic Development Specialist. This intentional investment in Economic Vitality will help support the City's initiatives and ensure a resilient community.

It has been reported by the retail industry that the pandemic accelerated the transition to on line purchasing by as much as a decade. We've known there would be an evolution in how people purchased goods and services, but it was not anticipated to occur at this speed. This has significant implications for the built environment in particular, and proactively seeking to reposition Centennial retail centers is critical because of their high visibility as well as the role they play in revenue generation for the City.

A significant new program that will positively impact our retail centers is also included with the creation of the Retail Sustainability Program. This program will create a funding stream for City support of reinvestment and improvement in important local retail centers which are an important source of retail sales tax as well as the City's quality of life. The program is anticipated to be a total of \$5 million over two years, with \$2.5 million being dedicated in 2022.

TRANSPORTATION AND MOBILITY

Substantial funding continues to be dedicated to the construction, operations, and maintenance of the City's largest single public asset. The ability for people and goods to move safely and efficiently through the community is supported with enhanced construction management services and operational support for the Traffic Management Center. These ongoing funds continue to deliver on the current state of our transportation system – but there are significant funds dedicated to the future as well.

The foundation for the next phase of the City's Intelligent Transportation System is proposed with the Regional Transportation Operations & Technology funding – a significant regional partnership enabled by funding from the Denver Regional Council of Governments. Even while major construction is underway with the Arapahoe Road bridge, the City will begin designing the Easter and Havana intersection improvements in anticipation of federal funding support for the project. We have intentionally committed funds for the implementation of the Transportation Master Plan, a strategic and visionary document that will impact the future of Transportation and Mobility in the City for years to come.

FISCAL SUSTAINABILITY

The impacts of COVID-19 continue to inject uncertainty into the City's revenue picture. While revenues have remained better than initially predicted, Staff will remain vigilant and develop recommendations for adjustment as may become necessary.

The City's fund balances are healthy and remain a particular strength of the City. Council provided policy direction to make clear the City's purpose and rationale for its fund balances. In each major fund in the 2022 Proposed Budget, recommended Committed Fund Balances were included. These commitments are made intentionally for known and anticipated projects or expenditures that the City will consider in the future.

After making strategic decisions in 2021 to retain significant fund balance in the Capital and General Funds, I am recommending preparing for the implementation of the Transportation Master Plan and other major capital projects by clearly identifying funding that can be called upon for future use. In some cases, such as the Easter Avenue and Havana Street intersection, the identified fund balance complements design funding appropriated in 2022. In others, like the General Fund commitment for the Sheriff's Office

Equipment Replacement, Staff identified future contractual requirements and requested City Council set aside the funding to be called upon in subsequent years.

In 2021, the City received the first (\$4.2 million) of two anticipated payments (total of \$8.5 million) under the Coronavirus State and Local Recovery Funds through ARPA. Staff identified a total of \$8.1 million in lost revenues over fiscal years 2020 and 2021 in accordance with federal guidelines. Staff's recommendation is to utilize the federal funding to replace lost revenues, and subsequently fund eight projects with a portion of the ARPA funding in 2022. These projects include exploring fiber public-private partnerships, making accessibility and other improvements to public spaces, exploring innovative solutions through technology, providing funding for retail sustainability and economic development, and funding improvements to neighborhood services. Remaining ARPA funds will be held as unallocated revenue for additional projects or needs identified through future Budget and Strategic Planning processes.

SIGNATURE CENTENNIAL

Signature Centennial captures a multitude of City projects, programs, and partnerships. This strategic planning area focuses our efforts around intentional planning and community investment to further our goals of being a desirable, inclusive community with a lasting built environment, memorable places, and experiences that bring people together. In 2022, we aim to move forward by investing in community activities after a successful 2021 season. The City has established funding to expand the neighborhood grant program and implement a neighborhood services trailer to support community events. Together with our community partners, the City is investing significant funds to design, construct, and expand trail systems throughout the City. We are also investing in our neighborhood parks and trail amenities to ensure Centennial remains a desirable community. Funds are included for construction projects like the Lone Tree Creek Trail and the Centennial Link Trail, which will connect the trail systems within the community and further the goals of the Trails and Recreation Plan.

Finally, City Council continues to budget funds to initiate implementation of a Centennial identity program upon the conclusion of the branding study currently underway.

STRATEGIC PLANNING

While interrupted by COVID-19, Centennial continued its strategic planning efforts in 2021 for the preparation of the 2022 Budget with a focus on the City's fiscal sustainability and ensuring that the resources are in place to accomplish the City's goals and implement the vision. The Strategic Plan remained a component in the preparation of the 2022 Budget and was considered by departments in developing their requests. City Council previously established a vision, mission, and values for the organization (Resolution 2019-R-17):

Vision

Provides a clear and inspirational view of how the community will be known by others

- The City of Centennial is a connected community, where neighborhoods matter, education is embraced, businesses are valued, and innovation absolute.

Mission

Guides how City operations will work to fulfill the vision

- Driven to provide exceptional service to the Centennial community.

Core Values

Sets the standard for the behavior of the organization and illustrate what people can expect when they receive service from or interact with City staff and contract partners

- Collaborative, Intentional, Service-Oriented, Innovative

The 2022 Budget reflects intentional steps toward implementing the vision for the community developed by the City Council. Working toward implementation or achievement of these goals and strategies contributed to Staff budget proposals and funding recommendations. The six goals and strategies are included below:

Economic Vitality

Centennial's access to an educated workforce, superior infrastructure, and predictable policies provide an environment where businesses flourish.

Fiscal Sustainability

Through prudent budgeting and investment practices, Centennial demonstrates fiscal responsibility and is resilient to economic change.

Future Ready City Government

Our City government is attentive to the community's current needs while anticipating change. Centennial is innovative and prepared to leverage technology and resources to benefit our community.

- **Public Safety and Health**

Centennial strives to be the safest city in Colorado and partners with other agencies to ensure access to public safety and health services that meet the needs of the community.

- **Signature Centennial**

Through intentional planning and community investment, Centennial is a desirable, inclusive community with a lasting built environment, memorable places, and experiences that bring people together.

- **Transportation and Mobility**

Centennial's transportation network provides alternatives for the safe, efficient, and reliable movement of people, goods, and services.

REVENUES

General Fund revenues for 2022 are budgeted at \$71.2 million, an increase of approximately \$12.4 million (21.2%) from the 2021 Adopted Budget. The year-over-year increase reflects the strong fiscal position of the City together with the less-than-anticipated impacts of COVID-19. As discussed previously, City Staff will continue to monitor the fiscal health of the City and develop recommendations for Council's consideration. When compared to General Fund expenditures, General Fund revenues remain in a strong position, leading to an operating margin (revenues less expenditures) of \$7.8 million. This leaves the City with a committed fund balance of \$1.9 million across two projects, and an uncommitted fund balance of \$16.7 million.

Revenues for all funds are budgeted at \$97.8 million, an increase of approximately \$14.9 million (18.0%) from the 2021 Adopted Budget (\$82.9 million). The increased revenues are the result of fewer uncertainties associated with COVID-19 and allocation of City resources across appropriate City funds. The Revenue Manual was updated and revised with

changes to the City's revenue picture, and will continue to be utilized in fiscal planning for the City going forward.

EXPENDITURES

General Fund expenditures for 2022 are budgeted at \$63.3 million, an increase of approximately \$5.3 million (9.2%) from the 2021 Adopted Budget (\$58.0 million). As discussed previously, this increase reflects the strength of the fiscal picture for the City and the continuation of significant projects and programs. Primary drivers of General Fund expenditures remain the provision of Law Enforcement and Public Works services. Further detail for expenditure changes is provided in the Executive Summary of Budget Variances.

Expenditures for all funds are budgeted at \$123.9 million, an increase of approximately \$19.3 million (18.5%) from the 2021 Budget (\$104.5 million). The increased expenditures are attributed to capital expenditures included in the Street Fund and the Open Space Fund. These one-time, long-term capital projects are typically associated with long-planned projects, revenues which are restricted as to use, or partnerships with other external agencies.

Total budgeted expenditures exceed total budgeted revenues due to the use of fund balance to pay for anticipated large capital improvement projects. The use of fund balance to balance the budget is a result of the City's practice to save for capital projects instead of incurring debt which results in expenditures exceeding revenues in certain years. However, the budget for each fund remains balanced as required by the Home Rule Charter and the Colorado Local Government Budget Law.

The table below shows fund-by-fund expenditure comparisons to the 2021 Adopted Budget.

ALL FUNDS EXPENDITURES – COMPARISON TO 2021 ADOPTED BUDGET (EXCLUDING TRANSFERS)

Fund	2021 Adopted Budget	2022 Adopted Budget	Amount Change	% Change
General Fund	\$57,977,760	\$63,310,160	\$5,322,400	9.2%
Land Use Fund	3,494,560	3,942,910	488,350	12.8%
Fiber Fund	305,000	455,000	150,000	49.2%
Conservation Trust Fund	455,000	600,000	145,000	31.9%
Open Space Fund	9,326,500	12,404,410	3,077,910	33.0%
Capital Improvement Fund	3,629,120	4,985,340	1,356,220	37.4%
Street Fund	29,348,330	38,158,450	8,810,120	30.0%
Total	\$104,536,270	\$123,856,270	\$19,856,270	18.5%

DECISION PACKAGES, BUDGET HIGHLIGHTS, AND MAJOR PROJECTS

In addition to the goals and strategies with their associated funding in the 2022 Budget, the City continues to examine and improve the core services and programs. The focus remains on efficiency, innovation, and customer service with the intent of continuously striving to improve service delivery. Flexibility in the face of the ongoing COVID-19 pandemic continues to be a key driver of the City's Budget.

In preparing the 2022 budget, departments were directed to submit a budget with increases limited to budget requests for new projects or programs and the necessary increases for the cost of services. This included negotiations with our contract service partners. These budget requests led to a slight increase in General Fund expenditures, while still remaining lower than pre-pandemic budgets. The City will continue to deliver services in an efficient and effective manner.

The 2022 budget reflects Council strategic direction, operational adjustments recommended by Staff, and contractually required changes. The priorities of the City are represented within the Annual Budget, including the six goals and strategies discussed previously.

General Fund

- Economic Development – Increase to personnel costs due to approved FTEs and a major retail project.
- Central Services – Increase attributable to an approved retail revitalization project in 2022.
- Community Development – Increase to the City's Code Compliance contract.
- Office of Technology & Innovation – Increase attributable to higher personnel costs and GIS budget.
- Public Safety – Increase to the City's contract with Arapahoe County Sheriff's Office.
- Public Works – Increase to the City's public works contract.

Street Fund

- Roadways – Increase to capital projects budget related to several large projects in 2022, including Arapahoe Road Bridge and Havana/Easter Intersection Design.
- Traffic Signalization – Increase to traffic signal budget due to Council-approved funding for a regional transportation operations and technology project.
- Bike and Pedestrian – Decrease due to completion of several sidewalk projects planned in 2021.

Capital Improvement Fund

- Increase due to several new and 2021 rebudgeted projects related to building improvements.

Open Space Fund

- OS Project Level 1 – Increase due to Centennial Center Park expansion project.
- OS Project Level 2 – Increase due to Lone Tree Creek Trail construction and design phases.

Land Use Fund

- Increase due to higher personnel costs, offset by a decrease in contracted services.

STAFFING AND BENEFITS

The organization is staffer responsive to current City needs in the 2022 Budget. The total staffing for 2022 reflects a net increase of 13.5 full-time equivalent positions compared to the 2021 Adopted Budget, for a total of 89.0 FTE. Departments did have additional requests that were achieved through structural alignment and reorganization across the organization. Additional detail can be found within Staff Resources of the Financial section of this document.

Benefit changes were budgeted at 2.9% for health, -5% for dental, with no changes for vision, or short-term and long-term disability.

For additional information regarding City staffing, see the Organizational Chart and Staff Resources Summary by Position in this budget document.





FUND BALANCE

The healthy condition of the City's fund balances confirms the continued fiscal health of the City. The City utilizes fund balance in compliance with guidance from the Government Finance Officers Association and its own Fund Balance Policy. In the 2022 Budget, the City improved the implementation of Committed Fund Balances in several funds. The Committed Fund Balances allocate a portion of unappropriated funding for a specific, identified purpose or project. This formal allocation by Council ties a specific portion of the City's fund balance to a particular purpose, clearly identifying the particular project, and helping to ensure that funding is available for significant, long-term needs. These Committed Fund Balances are clearly identified in each Fund Summary.

The City has historically maintained a fund balance above the 25% required by policy in the General Fund, and this will remain the case in the 2022 Budget. The 2022 fund balance in the General Fund returns to more typical levels as compared to 2021 as we allocate funds to major capital projects and future projects. In 2022, the fund balance of the General Fund is budgeted at \$18.6 million. As required by City policy, there is also an operational reserve maintained in the fund balance of the Street Fund.

The City's debt policy states that the City will maintain outstanding debt limits at levels consistent with City Council direction. Following Council direction, major capital projects are funded with the use of cash, and as a result, the City remains debt-free. The City anticipates funding several major capital projects in upcoming years, which is reflected in the committed and uncommitted fund balance.

CENTENNIAL BUDGET COMMITTEE

The Centennial Budget Committee (CBC) includes the Mayor, one Council Member, three citizen representatives, the City Manager, and the Finance Director. The CBC convened several times during the year to review and provided input on certain major service area costs, the long-term financial plan for the City, biennial budgeting, and the City Manager's Proposed Budget. As a result of these meetings, the citizen members of the CBC provided written comments and recommendations to Council. Highlights of the comments and recommendations made to Council include recognition of the better-than-projected revenues throughout the pandemic, the impact of additional revenues through online sales, the timing impacts of capital projects, the ability to sustain service levels and minimum fund balances, and the intentional spending of American Rescue Plan Act funding.

CONCLUSION

I would like to extend my thanks to the City Council for the significant time and effort put toward providing policy direction in the development of this document. I would also like to express my gratitude to the members of the Centennial Budget Committee for volunteering their time to serve the City of Centennial. Lastly, I wish to extend my sincere appreciation to the Staff members and City partners who assisted with the development and preparation of the 2022 Annual Budget.

The 2022 Annual Budget reflects the City's focus on Council's strategic goals for the City and the uncertainties we will face with the COVID-19 pandemic and future recovery. The Budget balances these uncertainties with the need to continue City operations, major construction projects, and preparing for the future. The alignment of City operations with these goals will continue, as Staff examines business strategies and core competencies to ensure the City is managed in the most effective and efficient manner possible. The success of our City is deliberate and this document reflects the careful planning and action that guides municipal operations. I look forward to working with Council to ensure that strategic planning continues to enhance the City's budget process.

I am pleased to recommend the adoption of the 2022 Annual Budget by the City Council.

Respectfully Submitted,

Matthew Sturgeon
City Manager

NOTEWORTHY CHANGES

An executive summary of changes between 2021 and 2022

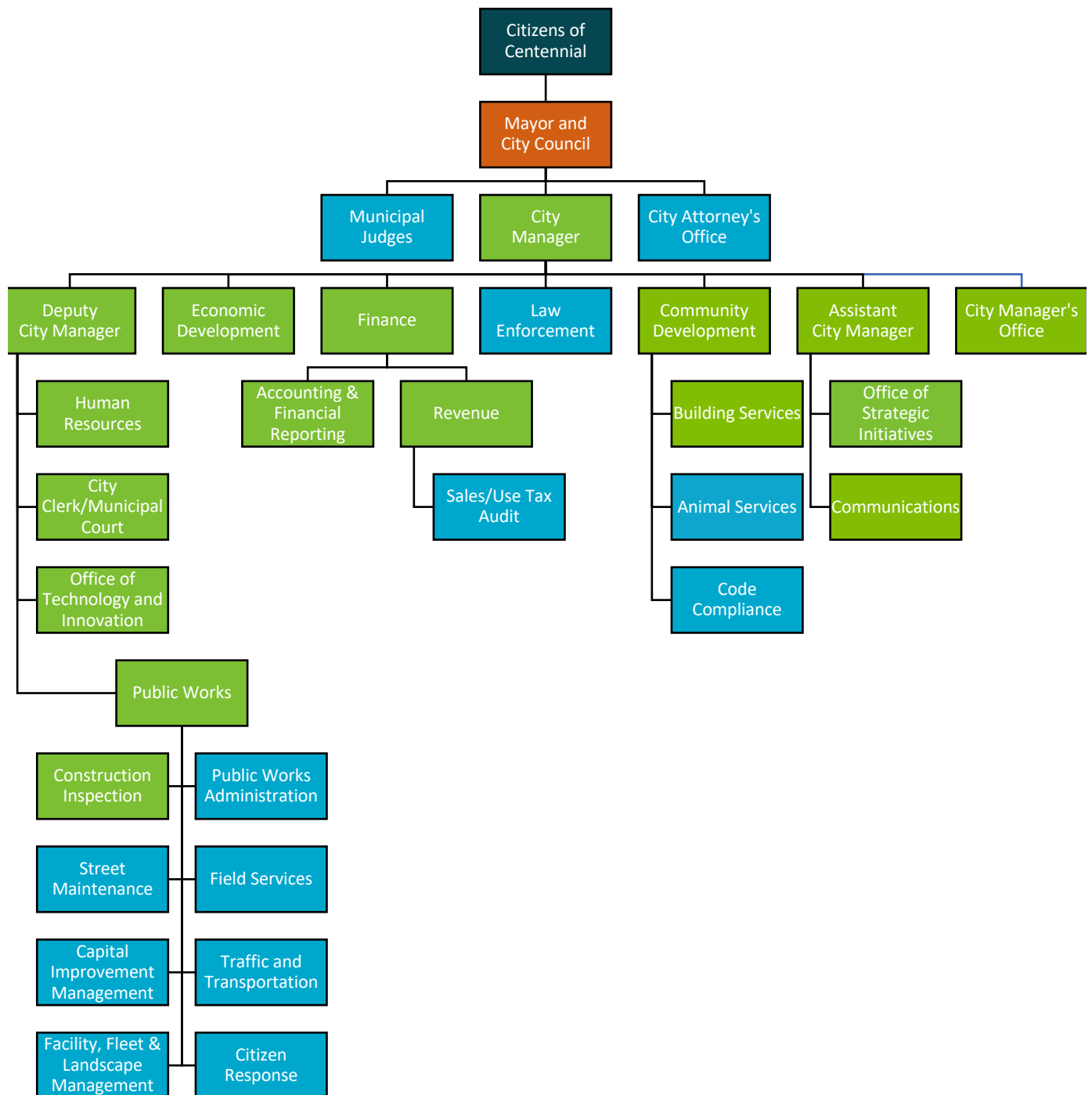
Variance Detail	2021 Adopted	2022 Budget	CHANGE \$	%
All Funds/City-Wide				
The 2022 Budget reflects an increase in salaries and wages for the General Fund and Land Use Fund. Attributing factors include the completion of the City-wide compensation study and the approved implementation of an in-house building services division in 2022.	\$ 6,461,620	\$ 7,772,440	\$ 1,310,820	20%
The 2021 Budget reflects an increase in benefit costs for the General Fund and Land Use Fund. Attributing factors include the completion of the City-wide compensation study and the approved implementation of an in-house building services division in 2022.	2,321,950	2,777,890	455,940	20%
General Fund				
City Attorney's Office				
The 2022 Budget reflects an increase to the contracted services provided through the City Attorney's Office. The increase can be attributed to an increase to base services and a 3% escalator based on the terms of the contract.	1,015,700	1,148,150	132,450	13%
City Clerk's Office				
The 2022 Budget reflects an increase in the City Clerk's Office attributable to a restructure of personnel costs within the department. There will be an offsetting cost reduction in the Municipal Court.	472,060	546,250	74,190	16%
City Manager's Office				
The 2022 Budget reflects an increase in the Economic Development division attributable to approved FTEs in the personnel budget and major project planning for the department in 2022 focusing on the City's retail spaces.	551,160	1,018,450	467,290	85%
The 2022 Budget reflects an increase in the Central Services division attributable to a Council-approved Retail Center Revitalization and Sustainability Program.	2,521,430	5,111,730	2,590,300	103%
Community Development				
The 2022 Budget reflects an increase to the City's Code Compliance contract. The 2022 contract number includes a base contract increase and a 5% escalator in 2022. The annual budget increase also reflects the inclusion of the City's Neighborhood Services Grant Program.	1,984,240	2,330,670	346,430	17%
Human Resources				
The 2022 Budget reflects an increase to the Human Resources budget attributable to increased personnel costs.	325,860	405,500	79,640	24%
Municipal Court				
The 2022 Budget reflects a decrease to the Municipal Court budget attributable to a restructure of personnel costs within the department. There will be an offsetting increase in the City Clerk's Office.	502,620	336,880	(165,740)	-33%
Office of Strategic Initiatives				
The 2022 Budget reflects a decrease to the Office of Strategic Initiatives attributable to lower costs for personnel within the department in 2022. Furthermore, several pilot programs were funded in 2021 that have not been included in the current year.	806,270	599,240	(207,030)	-26%
Office of Technology and Innovation				
The 2022 Budget reflects an increase to the OTI budget attributable to an increase in personnel costs department-wide and a higher level of funding for GIS mapping and professional services in 2022.	3,354,360	3,925,350	570,990	17%
Public Safety				
The 2022 Budget reflects an increase to the Public Safety contract for services provided through the Arapahoe County Sheriff's Office, including an increase to the base contract and a 3% escalator.	31,503,940	32,325,100	821,160	3%
Public Works				
The 2022 Budget reflects a 5% increase to the Public Works contract for services provided through the City's third-party public works provider.	\$ 10,424,460	\$ 10,909,080	\$ 484,620	5%

Variance Detail	2021 Adopted	2022 Budget	CHANGE \$	%
Street Fund				
The 2022 Budget reflects an increase in the Roadways division. The increase is attributable to higher costs for professional services related to several major capital projects programmed for 2022, including the Arapahoe Road Bridge and the Havana/Easter Intersection design projects	\$ 23,967,640	\$ 31,614,490	\$ 7,646,850	32%
The 2022 Budget reflects an increase in the Traffic Signalization division. The increase is attributable to the approved funding for a regional transportation operations and technology project as a part of the ITS program in 2022.	1,722,530	3,523,960	1,801,430	105%
The 2022 Budget reflects a decrease in the Bike and Pedestrian division. The decrease is attributable to the completion of several sidewalk projects in 2021.	2,448,160	1,745,000	(703,160)	-29%
Capital Improvement Fund				
The 2022 Budget reflects an increase in the CIF attributable to several approved projects and project rebudgets for building improvement projects at the City's Civic Center office in 2022.	3,629,120	4,985,340	1,356,220	37%
Open Space Fund				
The 2022 Budget reflects an increase in the OSF attributable to an increase in project funding during 2022. Increases include the Council-approved Centennial Center Park expansion project and the Lone Tree Creek Trail construction and design phases.	9,326,500	12,404,410	3,077,910	33%
Land Use Fund				
The 2022 Budget reflects and increase in the Land Use Fund attributable to an increase in personnel costs, offset slightly by a decrease in contracted services in 2022.	\$ 3,494,560	\$ 3,942,910	\$ 448,350	13%



ORGANIZATIONAL CHART

A depiction of the City's departments and hierarchy



GOVERNMENT STRUCTURE

A description of Centennial's City Council and Government

THE CITY

The City Manager is responsible to City Council for the proper administration of all business of the City, and is required to present the City's Annual Budget to Council for approval. The City of Centennial provides the following major services: law enforcement, public works, capital improvement projects, municipal court, building services, economic and community development services, animal services, liquor licensing, business and sales tax licensing, sales tax administration and management, and communication services.

HOME RULE CHARTER AS IT RELATES TO CITY BUDGETING

Article XI of the Home Rule Charter defines all requirements of the Budget. In summary, a proposed preliminary budget must be presented to City Council on or before the 20th day of September of each year. City Council must have a public hearing on the proposed budget each year. Notice of the hearing is published at least once, seven days prior, and copies of the proposed budget are available to the public. The City Council may make changes to the Budget prior to the adoption of the Budget. The Annual Budget is adopted by Resolution no later than the 15th day of December of each year. The Budget will not be considered adopted unless a public hearing occurs prior to the vote of City Council and there is an affirmative vote of a majority of City Council to adopt the Budget.

In accordance with the Home Rule Charter, the adopted Budget must contain:

- An estimate of anticipated revenue from all sources for the ensuing year;
- An estimate of the general fund cash surplus at the end of the current fiscal year or of the deficit to be made up by appropriation;
- The estimated expenditures necessary for the operation of the departments, offices, and agencies of the City;
- Debt service requirements for the ensuing fiscal year;
- An estimate of the sum required to be raised by the tax levy for the ensuing fiscal year and the rate of levy necessary to produce such sum; and
- A balance between the total estimated expenditures, including any deficit to be met and monies set aside for public improvements and total anticipated revenue, plus any surplus.

ELECTED OFFICIALS

The City of Centennial was incorporated in 2001 and became a home-rule city under Article XX of the Colorado Constitution on June 17, 2008. The Home Rule Charter established a Council-Manager form of government. City Council is the legislative power, which appoints the City Manager to execute the laws and administer the City Government. City Council is composed of eight members, two elected from each District, that serve four-year staggered terms. The Mayor serves a four-year term and is elected at-large.



Centennial City Council

CITY OF CENTENNIAL MAYOR



STEPHANIE PIKO



ROBYN CARNES



CANDACE MOON



TAMMY MAURER



CHRISTINE SWEETLAND



RICHARD HOLT



MIKE SUTHERLAND



MARLO ALSTON



DON SHEEHAN

COMMUNITY PROFILE

Retail market areas and sales tax

More than half of Centennial's General Fund Revenues are derived from retail sales tax. The majority of sales tax generation occurs in three of the six retail market areas: SouthGlenn, East Central, and I-25 West. Sales tax revenues in all of the Retail Market Areas were impacted by the COVID-19 pandemic in 2020. However, depending on the industry mix in the Retail Market area, the revenues were impacted differently. The largest industries impacted were restaurants, clothing stores, and travel accommodations.



SOUTHGLENN - Major retailers include Best Buy, Chick-Fil-A, Whole Foods, and Trice Jewelers, all located in The Streets at SouthGlenn. Other retailers outside the Streets at SouthGlenn include American Furniture Warehouse, King Soopers and Petsmart.

WEST CENTRAL - Major retailers include Highlands Garden Center, King Soopers, Los Dos Partillos Mexican Restaurant and The Bridal Collection.

I-25 WEST - Major retailers include IKEA, Total Wine & Spirits, Jared Galleria of Jewelry, Ross and HomeGoods.

I-25 EAST - Major retailers include Walmart, Viewhouse, Topgolf and Performance Cycle.

EAST CENTRAL - Major retailers include Autonation Toyota, Tagawa's, and Centennial Gun Club.

SMOKY HILL - Major retailers include King Soopers, Davidson's, Discount Tire and Walmart Market.

Retail Market Areas	*2020 Sales Tax	2020 Increase from 2019	*2019 Sales Tax	2019 Increase from 2018	*2018 Sales Tax
I-25 West	\$6,566,064	-15%	\$7,761,583	-1%	\$7,818,307
East Central	\$6,690,036	-6%	\$7,121,360	-5%	\$7,467,384
SouthGlenn	\$4,074,707	-18%	\$4,958,709	-4%	\$5,175,728
West Central	\$2,344,101	-7%	\$2,526,674	-3%	\$2,615,050
Smoky Hill	\$2,630,107	3%	\$2,556,451	6%	\$2,422,439
I-25 East	\$2,252,176	-24%	\$2,962,762	7%	\$2,774,399

*Totals do not include one-time tax audit revenue

SALES TAX COMPARISON

The City of Centennial continues to provide services on one of the lowest sales tax rates in the metropolitan area. Retail sales tax in Centennial is the largest source of revenue and represents approximately 58 percent of the total General Fund's 2022 Budget. Centennial produces less sales tax revenue on a per capita

basis compared to other jurisdictions with smaller populations and similar sales tax rates. It is a goal of the City through the Retail Market Analysis project to align competitively and capture more sales tax.

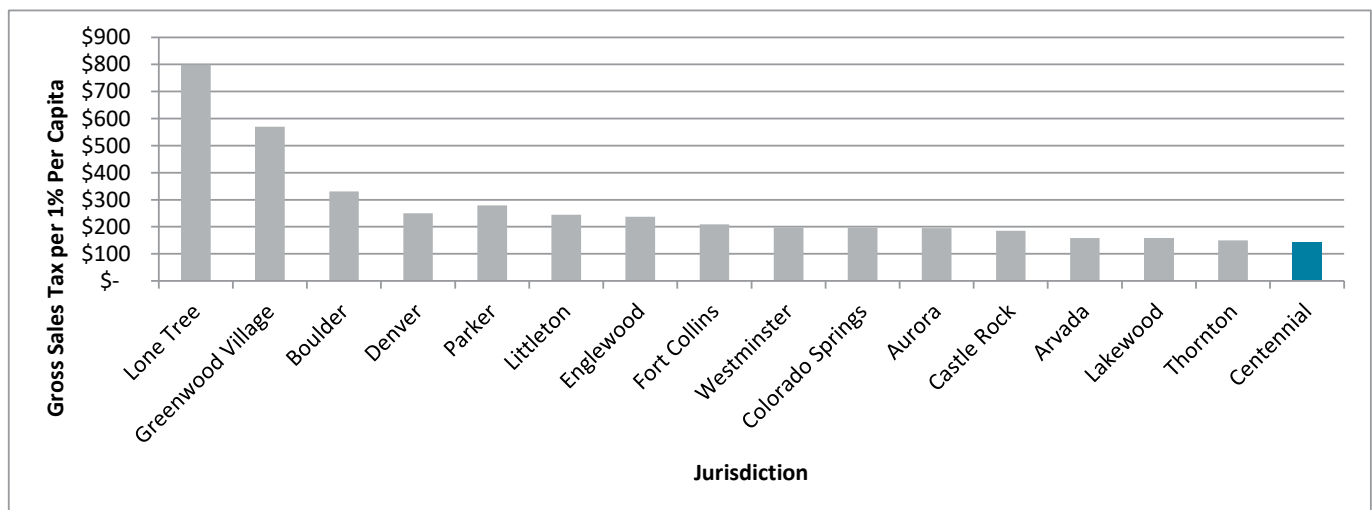
SALES TAX COLLECTION BY JURISDICTION (2020)

Sorted by gross sales tax per 1% capita

City	Sales Tax Rate	Gross Sales Tax*	Population**	Sales Per 1% per capita
Lone Tree	1.8125%	\$ 19,726,510	13,614	\$ 799
Greenwood Village	3.00%	25,495,294	14,907	570
Boulder	3.86%	137,340,000	107,645	331
Denver	4.31%	791,510,000	735,538	250
Parker	3.00%	49,108,109	58,673	279
Littleton	3.00%	33,828,472	46,000	245
Englewood	3.50%	29,066,138	35,099	237
Fort Collins	3.85%	135,243,000	168,234	209
Westminster	3.85%	87,180,590	115,046	197
Colorado Springs	3.12%	295,619,090	482,131	197
Aurora	3.75%	284,161,311	387,377	196
Castle Rock	4.00%	52,468,081	70,567	186
Arvada	3.46%	67,067,108	121,936	159
Lakewood	3.00%	74,504,434	157,429	158
Thornton	3.75%	83,627,429	148,113	149
Centennial	2.50%	\$ 38,740,407	110,156	\$ 141
Average Tax Rate	3.36%		Average Tax Collected	\$ 269

*Source: 2020 Comprehensive Annual Financial Report (ACFR) for each respective City

**Source: U.S. Census Bureau 2020 estimates



ADDITIONAL INFORMATION

Information about Community Services and Partners

PARTNERSHIPS & SERVICE PROVIDERS

LAW ENFORCEMENT

The City of Centennial contracts with the Arapahoe County Sheriff's Office for law enforcement and related law enforcement services.

Arapahoe County Sheriff's Office

13101 Broncos Parkway
Centennial, CO 80112
Emergency ONLY - 911
Non-Emergency Line - (303) 795-4711
co.arapahoe.co.us

FIRE PROTECTION SERVICES

Fire protection services are provided by South Metro Fire Rescue.

South Metro Fire Rescue

9195 East Mineral Avenue
Centennial, CO 80112
(720) 989-2000
southmetro.org

LIBRARY SERVICES

ARAPAHOE LIBRARIES

arapahoelibraries.org

Centennial residents are served by Arapahoe Libraries, which was established in April 1966. The public library service operates 10 branch libraries, four of which are located within the City of Centennial:

Castlewood Library

6739 South Uinta Street (80112)
(303) 542-7279

Koelbel Library

5955 South Holly Street (80121)
(303) 542-7279

Smoky Hill Library

5430 South Biscay Circle (80015)
(303) 542-7279

SouthGlenn Library

6972 South Vine Street (80122)
(303) 542-7279





SCHOOLS

EDUCATION

Centennial's youngest residents have access to two of the finest primary education districts in the state through "public" (primary public education districts) Littleton Public Schools and Cherry Creek School District.

Littleton Public Schools

5776 South Crocker Street
Littleton, CO 80120
(303) 347-3300
littletonpublicschools.net

Cherry Creek School District

4700 South Yosemite Street
Greenwood Village, CO 80111
(303) 773-1184
cherrycreekschools.org

Arapahoe Community College

www.arapahoe.edu

Arapahoe Community College (ACC) was founded in 1965 as the first community college in the Denver area. With over 21,000 students spread across three campuses — Littleton, Parker, and Castle Rock — ACC offers more than 100 degree and certificate programs. ACC is accredited by The Higher Learning Commission and is a member of the North Central Association of Colleges and Schools.

Community College of Aurora

ccaaurora.edu

The Community College of Aurora (CCA) was established in 1983. CCA has more than 7,000 students across two campuses—Aurora and the Lowry area. Offering more than 40 degrees and certificate programs, CCA has an open-door admissions policy, meaning all students are accepted to the college.

For more information on Performance Ratings and School Report Cards, visit the Colorado Department of Education website at:

schoolview.org

RECREATION & AMENITIES

Centennial owns and operates nearly 144 acres, collectively, of parks and open spaces that serve as communal gathering spots. This includes the 11-acre Centennial Center Park, among others. Residents of Centennial also enjoy green spaces owned and maintained by Arapahoe County and Centennial's recreation districts. The City of Centennial partners with these entities to help fund new recreational amenities and upgrades to existing features with funds received from the voter-approved, quarter-cent, Arapahoe County Open Space Sales and Use Tax.

Arapahoe Park and Recreation District

Trails Recreation Center
16799 East Lake Avenue
Centennial, CO 80016
(303) 269-8400
aprd.org

CITY OF CENTENNIAL Centennial Center Park

13050 E. Peakview Ave.
Centennial, CO 80112
(303) 325-8000
centennialco.gov/centerpark

Smoky Hill Metropolitan District

5405 S. Telluride St.
Aurora, CO 80015
(303) 693-3414
shmd.info

South Suburban Parks and Recreation District

6631 South University Boulevard
Centennial, CO 80121
(303) 798-5131
ssprd.org

TRANSPORTATION

Regional Transportation District (RTD)

1600 Blake Street
Denver, CO 80202
(303) 299-6000
rtd-denver.com

RTD provides service to 2.7 million people across 2,348 square miles, 40 municipalities and eight counties. Services include local bus services along major streets, express and regional bus routes providing non-stop services along longer distances, bus service to Denver International Airport, a free shuttle on the 16th Street Mall in downtown Denver, and light rail service serving Denver and its southern suburbs. In addition to the fixed route services, RTD provides services to sporting events and other special events, special services for the disabled and senior citizens, and door-to-door services in limited areas of the District.

Colorado Department of Transportation (CDOT)

(303) 757-9011
coloradodot.info

The Colorado Department of Transportation (CDOT) is responsible for a 9,146-mile highway system, including 3,447 bridges. Each year, this system handles 27.4 billion vehicle miles of travel. While the interstate system accounts for roughly 10 percent of system miles, 40 percent of all travel miles take place on the Interstate system.



HEALTHCARE

Centennial Hospital

14200 East Arapahoe Road
Centennial, CO 80112
(303) 699-3000
auroramed.com

Kaiser Permanente

Arapahoe Medical Offices
5555 East Arapahoe Road
Centennial, CO 80122
(303) 338-4545
kaiserpermanente.org

Littleton Adventist Hospital

7700 South Broadway
Littleton, Colorado 80122
(303) 730-8900
mylittletonhospital.org

Parker Adventist Hospital

9395 Crown Crest Boulevard
Parker, CO 80138
(303) 269-4000
parkerhospital.org

Sky Ridge Medical Center

10101 RidgeGate Parkway
Lone Tree, CO 80124
(720) 225-1000
skyridgemedcenter.com

UTILITIES - ELECTRIC AND NATURAL GAS

Xcel Energy

xcelenergy.com
800-895-4999

CORE Electric Cooperative

core.coop
303-688-3100

Utilities—Water & Sanitation Districts	Contact
Arapahoe Estates Water District	(303) 854-8282
Arapahoe County Water & Wastewater Authority (ACWWA)	(303) 790-4830
Castlewood Water & Sanitation District	(303) 773-1605
Cherry Creek Basin Water Quality Authority	(303) 779-4525
Denver Water	(303) 893-2444
East Cherry Creek Valley Water & Sanitation District	(303) 693-3800
East Valley Metropolitan District	(303) 841-3474
Havana Water District	(303) 779-4525
South Arapahoe Sanitation District	(303) 985-3636
South Englewood Sanitation District 1	(303) 797-6200
Southeast Metro Stormwater Authority (SEMSWA)	(303) 858-8844
Southgate Water & Sanitation District	(303) 779-0261
Willows Water District	(303) 770-8625

FINANCIAL POLICIES

An overview of the City's financial policies

BUDGET POLICY

The following outlines the City's Budget Policy. For further detail, or to review the policy in full as approved by City Council, please refer to the Appendix section of this document.

POLICY PURPOSE

This policy provides the financial framework for allocating resources responsibly among competing needs. The budget process guides consistent financial decision-making through budget development, review, adoption, and management. This policy reflects the principles and practices that have allowed the City to maintain financial stability and sustainability through economic downturns and uncertainties. The City considers its vision and mission, strategic planning, performance measurements, long-term fiscal stability and sustainability, and delivery of quality services to the community in the budgeting process.

ACCOUNTING BASIS FOR BUDGETING

The Budget parallels the City's governmental accounting basis. The modified accrual basis of accounting is used for all fund operations and financial statements, except for enterprise funds, which generally use the full accrual basis. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available and expenditures are generally recorded when a liability is incurred. The City accounts for revenues and expenditures if collected or incurred within 60 days of fiscal year-end. In comparison, under the full accrual basis of accounting, which is used for the City's government-wide financial statements and proprietary fund financial statements, revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows.

BUDGET PHILOSOPHY

The City's Annual Budget is the long-range financial plan by which Council policy is implemented and controlled. In addition to the City's Charter, the Colorado Constitution and Colorado State Budget Law provide the basic legal requirements and timeliness for the City's budget process. City Council's goals, City-wide objectives, ordinances, and resolutions provide policy direction that respond to the needs and desires of the community.

Municipal services are funded through a variety of taxes, fees, charges for service, and intergovernmental revenues. Generally, the City:

- Anticipates conservative growth and revenue forecasts for budgeting purposes;
- Appropriates the Budget in accordance with the City's Charter, Colorado Constitution, and Colorado State laws;
- Adopts financial management policies that establish guidelines for financial plans and includes these policies in the Annual Budget document;
- Establishes budgets for all funds based on adopted policies and practices;
- Adjusts the Budget to reflect changes in the local economy, changes in priorities, and receipt of unbudgeted revenues;
- Organizes the Budget so revenues are related to expenditures, to the extent possible;
- Prepares a multi-year strategic plan for the City, including capital improvement projects;
- Allows staff to manage the operating and capital budgets, with City Council's approval; and
- Provides department directors with immediate access to revenue and expenditure information to assist their efforts in controlling annual expenditures against budget appropriations.



BUDGET PROCESS

The Annual Budget is generally prepared in accordance with Governmental Accounting, Auditing, and Financial Reporting requirements, generally accepted accounting principles, and the Governmental Accounting Standards Board requirements, in addition to the guidelines of the Government Finance Officers' Association of the U.S. and Canada. The City prepares its budget on a calendar year basis as required under the City's Charter. The Budget must be balanced, or present a revenue surplus. "Balanced Budget" is defined as a budget in which planned expenditures do not exceed forecasted revenues plus fund balance, including surpluses. This means that appropriated expenditures cannot exceed the sum of anticipated revenues and beginning fund balance.

BUDGET COMMITTEE

In accordance with Section 11.16(c) of the Charter, City Council passed Ordinance No. 2009-O-3, creating the Centennial Budget Committee. The purpose of this committee is to promote citizen involvement in the budgeting decisions of the City by having the committee study all phases of the Budget and make recommendations and reports to City Council about those studies.

BUDGET TERM

The budget term is consistent with the City's fiscal year, which begins on the first day of January and ends on the last day of December.

BUDGET PREPARATION AND SCHEDULE

The City's financial and management policies guide the preparation of the Budget. Staff is required to reference and incorporate into departmental budgets the community's goals and strategies. The goals and objectives that support community values and vision can be found throughout the budget document. A team composed of City Staff develops the guidelines, consistent with budget and financial policies. During the development of the Budget, all department directors provide their expertise to the budget team.

BUDGET TASK	MONTH											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Council/Staff Strategic Planning Sessions		X										
Budget Committee Meeting			X									
Budget Kick-Off						X						
Budget Committee Meeting						X						
Ongoing Departmental Meetings with the Budget Team						X	X					
Department Requests Finalized								X				
Budget Committee Meeting								X				
Department Request Meetings & Finalization								X				
Budget Committee Meeting								X				
Proposed Budget Finalized								X				
Budget Committee Meeting									X			
City Manager Presents 2022 Proposed Budget to Council									X			
City Council Budget Workshops										X		
Open Meeting to Discuss Additional Budget Items										X		
2022 Appropriation Resolution & Public Hearing											X	
2021 Mill Levies and 2022 Contracts Approved; 2021 Budget Amendment Resolution												X
2022 Budget Completed for Distribution												X

BUDGET PHASES

The budget process is structured each year to achieve the fiscal and policy goals for the upcoming year while adhering to the timeline defined in the City Charter. The budget process is composed of the following phases:

- Budget Development
- Budget Review
- Budget Adoption
- Budget Management

BUDGET DEVELOPMENT

During the Budget Development phase, Council and City Staff work together to consider strategic objectives that may impact the budget and to establish the process by which the City Manager will develop the Proposed Budget.

STRATEGIC PLANNING

City Council works to develop and refine their strategic planning and vision through a review of community needs and desired services. During a series of workshops, City Council identifies goals and strategies that provide direction for City Staff to develop budget proposals for consideration.

PROPOSED BUDGET

Following the development of goals and strategies by Council, the City Manager - with the Budget Team - establishes the budget process, philosophy, and key deadlines for the upcoming budget year. These items are communicated to all City departments. It is the responsibility of the City Manager, Finance Director, and the Leadership Team to thoroughly review each department's preliminary operating and capital budget in order to determine the financial impact of each budget request on the overall Budget. The City Manager develops a Proposed Budget that is responsive to the City Council's vision. Pursuant to Section 11.5 of the Home Rule Charter, the City Manager presents a Proposed Budget for the ensuing Fiscal Year to the City Council on or before September 20th of each year.

BUDGET REVIEW

The Budget Review phase ensures Council has opportunity to discuss the Proposed Budget in order to further refine their vision and provide direction, prior to Budget Adoption.

BUDGET WORKSHOPS

Following the presentation of the Proposed Budget to Council, budget workshops are scheduled. These budget workshops are intended to allow for the City Manager and Staff to present additional detail as may be necessary and provide Council an opportunity to discuss points of interest. Direction provided at the budget workshops is used to develop revisions as may be necessary for the Proposed Budget prior to adoption.

BUDGET ADOPTION

In accordance with Home Rule Charter Section 11.12, on or before the 15th day of December, the City Council shall adopt a Balanced Budget and appropriations by resolution for the ensuing Fiscal Year. Budget adoption requires a public hearing, and adoption of an ordinance or resolution by an affirmative vote of the majority of City Council.

BUDGET MANAGEMENT

During the Budget Management phase, City Staff is expected to effectively and transparently manage public resources. Monitoring and control may be exercised by department directors, the City Manager, or the Council.

BUDGET CONTROL

Control of budgeted expenditures is exercised at the Fund level. Department directors are responsible for all expenditures made against appropriated funds within their respective departments. The Finance Department may allocate resources within a fund for the purposes of monitoring and control, with the City Manager's written consent and quarterly notification to Council for the following:

- All intra-fund or project transfers; and
- All transfers from Personnel Services line items



APPROPRIATIONS AND AMENDMENTS

After commencement of the Fiscal Year, the amounts appropriated for the proposed expenditures in the Adopted Budget are deemed appropriated for each purpose as specified. The expenditures of City funds cannot exceed the budgeted appropriations for the respective fund. The Adopted Budget can be amended to increase, decrease, or transfer amounts between funds if:

- The transfer is made from a fund in which the amount appropriated exceeds the amount needed to accomplish the purpose specified by the appropriation; or
- The purpose for which the funds were initially appropriated no longer exists; or
- The transfer, if applicable, includes a subsidy of funding from one fund to support program needs of another fund; and
- In all cases, the transfer is approved by City Council through resolution following a Public Hearing.

SUPPLEMENTAL APPROPRIATION(S)

On recommendation by the City Manager, and in accordance with Home Rule Charter Section 11.13, City Council can make supplemental appropriations for unanticipated expenditures required by the City not to exceed the actual and anticipated annual revenues. No appropriation can be made which exceeds the Revenues, Unreserved Fund Balance, or other funds anticipated or available except for emergencies endangering the public peace, health, or safety after the adoption of the Adopted Budget.

REVENUE POLICY

The following outlines the City's Revenue Policy. For further detail, or to review the policy in full as approved by City Council, please refer to the Appendix section of this document.

POLICY PURPOSE

This policy provides the framework for overall revenue management, including general structure and limitations.

GENERAL STRUCTURE

The City strives to maintain a strong, diverse, and balanced revenue structure, recognizing that a dependence on any individual revenue source may cause revenue yields to be vulnerable to economic cycles. All revenues are conservatively projected for budgetary purposes and are monitored regularly as amounts are received. Revenues which are considered to be "one-time" resources are used to fund one-time expenditures, including capital projects, or may be included in fund balance. These revenue sources

BUDGET DECREASE(S)

The Budget may be decreased below approved levels during the Fiscal Year. Changes in service demands, economic conditions, and City Council goals and direction may cause such budget reductions. If the City Manager directs budget reductions, Council will be informed immediately and may take action as deemed necessary to prevent or minimize any deficit through resolution. If the circumstances leading to the reduction in budget changes, the appropriation may be made available for expenditure.

ENCUMBRANCES AND LAPSED APPROPRIATIONS

Departments shall only encumber funds that will be spent in the current Fiscal Year. Departments shall review encumbrances throughout the year and unspent encumbrances will close at the end of the Fiscal Year. All Appropriations not spent at the end of the Fiscal Year lapse into the Fund Balance.



are not relied upon for future year, or ongoing, expenditures. Similarly, revenues with unpredictable receipt patterns are projected conservatively, and any amount collected in excess of the amount projected may be applied to the fund balance. The City's revenue sources includes Taxes, Fees, Interest Earnings, Intergovernmental Revenue, Grants, Fines, and other sources.

TAXES

Taxes are levied and collected by the City pursuant to state and City laws. The amount of any tax levied shall not exceed the rate or levy allowed by law or voter approval. Other revenues derived from taxes imposed by other entities shall be collected by the City in accordance with established distribution formulas and methodologies.

FEES

Fees are established by City Council through ordinance or resolution or agreed upon pursuant to a contract or agreement. All fees are reviewed periodically for propriety and consistency with any relevant agreements.

In accordance with the Charter, City Council shall determine the amount of any fee, with the exception of franchise fees, by considering the costs incurred by the City in providing the service for which the fee is charged. Fees for services are established based upon the full cost of the service provided, including both direct and indirect costs incurred by the City. Fees may be charged based upon a Cost Allocation method that most accurately reflects the cost of providing a service.

INVESTMENT EARNINGS

Investment earnings are based on amounts credited to City accounts and funds, based on the principal balance invested in accordance with the City's investment policy.

GRANT REVENUES

Grant revenues are collected based upon awards received from applications submitted. These revenues are only budgeted when the grant is awarded.

REVENUE GUIDANCE

The City recognizes the importance of reviewing revenue sources to align with the City's delivery of municipal services. The City's revenue structure and receipts can be influenced by many determinants such as federal and state laws, citizens' preferences for local services, intergovernmental relations, and the City's policies toward new growth and economic development. The City utilizes the following guidelines to make decisions to initiate or modify revenues:

- Maintain stable revenue sources to the extent possible;
- Maintain a diversified mix of revenue sources;
- Cultivate revenue sources that are equitable among citizens;
- Generate adequate revenue to maintain service levels in line with citizen expectations; and
- Maintain healthy reserves by adhering to state-mandated reserve and internal fund balance reserve policies.

FINANCIAL FORECASTING

The City has four major sources of revenue aside from intergovernmental revenue—property tax, sales/use tax, building fees, and franchise fees—all of which are affected by changes in the local, state, or national economies. Economic data shall be evaluated from multiple sources to analyze short- and long-term revenue trends. A variety of indicators shall be considered such as housing market trends, interest rates, strength of tourism industry, retail sales, unemployment rates, consumer confidence measures, the Consumer Price Index, and others.

SHORT-TERM REVENUE PROJECTIONS

Projections shall be based on the current economic conditions, legislation, and fiscal policy changes. The current economic indicators will assist in developing the growth rate for each major revenue category. Short-term revenue projections shall support budgetary and policy decisions for the current and upcoming Fiscal Year.

LONG-TERM REVENUE PROJECTIONS

Projections shall be based on analysis of the historical revenue trends for each individual revenue source. The historical trend analysis shall include, at minimum, a five-year performance history for each major revenue source. In addition to the historical trend analysis and review of current economic conditions, the City shall consider potential legislative changes when forecasting the major revenue growth rates.

LIMITATIONS

The City shall remain in compliance with all applicable revenue limitations including compliance with the Taxpayers Bill of Rights (TABOR), as supplemented by state law and interpreted by Colorado courts, in addition to any applicable restrictions on use of funds for specific purposes.



TABOR

In 1992, Colorado voters approved an amendment to the Colorado Constitution that placed limitations on revenue and expenditures of the State and all local governments. Even though the limit is placed on both revenue and expenditures, the constitutional amendment ultimately limits growth of revenue collections.

The amount of the limitation equals the increase in the Denver-Boulder-Greeley Consumer Price Index plus local growth (new construction and annexation minus demolition). This percentage is added to the preceding year's revenue base, giving the dollar limit allowed for revenue collection in the ensuing year. Any revenue collected over the allowable limit must be refunded in the subsequent year by refunding methods approved by law. Cities have the option of placing a ballot question before the voters asking for approval by the

citizens to retain and spend revenue collected that is over the TABOR limit. Federal grants and/or gifts to the City are not included in the revenue limit. TABOR also requires a vote of the people before any tax rates are raised or a tax base is changed in a manner that would result in a net revenue gain.

In 2001, the Centennial voters permanently exempted the City from TABOR revenue limitations on sales tax, use tax, and property tax. In 2006, the Centennial voters approved an initiative to waive the TABOR revenue limitations on all other sources of revenue through 2013, dedicating the excess revenues to Law Enforcement and Public Works programming. In 2012, voters approved an initiative to waive the TABOR revenue limitations on all current and future revenue sources permanently, authorizing the City to use excess revenues for any governmental purpose.

EXPENDITURE POLICY

The following outlines the City's Expenditure Policy. For further detail, or to review the policy in full as approved by City Council, please refer to the Appendix section of this document.

POLICY PURPOSE

This policy provides the framework for the overall classification and management of City expenditures.

CITY FUND TYPES

Fund accounting is generally used for accounting purposes. Each fund is established by the City Council per Municipal Code Chapter 4, Article 8, for a specific purpose and is considered a separate accounting entity. All City funds are classified within a fund type.

GENERAL FUND

The General Fund is the general operating fund of the City. It is used to account for all resources and expenditures except those required to be accounted for in another fund.



SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The City's Capital Improvement Fund is a capital projects fund type.

ENTERPRISE FUNDS

Enterprise Funds account for activities which are similar to those found in the private sector. Financial activity is reported in essentially the same manner as in commercial accounting where net income and capital maintenance are measured.

EXPENDITURE POLICY

Service Area	Governmental Funds							Proprietary Fund	
	General Fund	Street Fund	Capital Improvement Fund	Conservation Trust Fund	Open Space Fund	General Improvement District Funds	Centennial Urban Redevelopment Authority Fund	Land Use Fund	Fiber Fund
Elected Officials	X								
City Clerk's Office	X								
City Attorney's Office	X								
City Manager's Office	X								
CM Administration	X								
Economic Development	X								
Central Services	X								
Finance	X								
Finance Administration	X								
Sales Tax	X								
Risk Management	X								
Human Resources	X								
Office of Technology and Innovation	X								
OTI Administration	X								
Client Services	X								
Technical Services	X								
Analytical and GIS Services	X								
Enterprise Services	X								
Communications	X								
Office of Strategic Initiatives	X								
Municipal Court	X								
Law Enforcement	X								
Public Works	X								
PW Administration	X								
Facilities and Fleet	X								
Roadways		X							
Traffic Signals		X							
Bike and Pedestrian		X							
Street Lights		X							
Capital Improvement			X						
Fiber									X
Community Development	X								
CD Administration	X								
Code Compliance	X								
Animal Services	X								
Land Use								X	
Culture and Recreation									
Conservation				X					
Open Space					X				
General Improvement Districts						X			
Urban Redevelopment							X		

EXPENDITURE CLASSIFICATION

City expenditures are classified and reported within these classifications:

Personnel Services

Includes salaries for full-time and part-time employees, overtime pay, insurance, retirement, and other costs related to the City's employees.

Contracted Services

Includes services contracted by the City to enhance operations or perform specific services or projects, such as engineering, auditing, consulting, or other professional service.

Other Services and Supplies

Includes administrative expenditures such as office supplies, subscriptions, professional development, utility charges, and operating leases.

Capital Expenditures may be recorded in any City fund. When making capital purchases, the financial impacts for future years, including repairs and maintenance to the asset are considered in addition to the feasibility of purchases that may create cost savings in future years.

EXPENDITURE MONITORING

Expenditures will be monitored by Staff and City Council per City Budget Policy.

MULTI-YEAR FINANCIAL PROJECTIONS

Expenditure projections will be based on an established set of assumptions and updated each year. The projections will include inflationary projections. Expenditure classifications will be refined and customized for more accurate financial projections in reporting to the City Council and citizens.



FUND BALANCE POLICY

The following outlines the City's Fund Balance and Reserve Policy. For further detail, or to review the policy in full as approved by City Council, please refer to the Appendix section of this document.

POLICY PURPOSE

This policy provides the framework for the overall fiscal management of the City.

OVERVIEW

In budgeting, revenue projections are conservative and authorized expenditures are closely monitored. In stable economic times, the combination of these two strategies typically leads to revenue collections higher than actual expenditures. The accumulation of these reserves protects the City from unanticipated increases in expenditures or unforeseen reductions in revenue, or a combination of the two, allowing for continuity of operations and the prudent financing of capital construction and asset maintenance. The City shall maintain adequate levels of Reserve to mitigate risks (e.g. revenue shortfalls and unanticipated expenditures). Reserves shall be set aside within each of the General and Street Fund, which funds are not available for Appropriation or Expenditure except when qualifying events occur. Meeting reserve levels for each of the General Fund and the Street Fund is required by this policy, while meeting target levels for each of the General Fund and the Street Fund is a goal under this policy. Council's established Target Level for each of the General and Street Fund may be higher in any given Fiscal Year depending on budget situations, revenue and/or expenditure volatility, and other considerations. General and/or Street Fund Reserves in excess of the policy reserve may be used to fulfill Council priorities.

FUND BALANCE CLASSIFICATION

There are five different classifications of Fund Balance established by the Governmental Accounting Standards Board that the City recognizes in its annual budgeting process:

Nonspendable Fund Balance

Amounts within a fund that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact such as items that are not expected to be converted to cash, including inventories and prepaid expenditures.

Restricted Fund Balance

The spending constraints placed on the use of Restricted Fund Balance are externally imposed by creditors, grantors, contributors, laws or regulations, or imposed by law through constitutional provisions or enabling legislation. TABOR Emergency Reserves are a required component of Restricted Fund Balance mandated by Article X, Section 20, of the Colorado Constitution, which has several limitations. TABOR requires local governments to set aside 3 percent or more of fiscal year spending (as defined by TABOR and excluding bonded debt service) to be used for declared emergencies only.

Committed Fund Balance

The Committed Fund Balance for each fund cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same formal action it employed to previously commit those amounts. This classification also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance

The intent to assign funds to an Assigned Fund Balance is expressed by City Council through an informal action or Council can delegate the authority to express intent to a committee, the City Manager or other City official on a case by case basis.

Unassigned Fund Balance

The General Fund is the only City fund that can have an Unassigned Fund Balance.

USE AND REPLENISHMENT OF RESERVES

If Fund Balance falls below the Reserve, the City Manager will present a plan to the City Council when presenting the ensuing annual budget that would restore the Fund Balance level as soon as economically practical. The City will only utilize resources that will drop Fund Balance below the Reserve level when approved by the City Council and when one or more of these qualifying events occur:

- Economic recession
- Drastic revenue shortfall
- Early retirement of debt
- Emergencies, natural disasters, and/or litigation
- Capital asset acquisition, construction, and/or improvement projects